

Message Text

LIMITED OFFICIAL USE

PAGE 01 GENEVA 08387 01 OF 02 020846Z

ACTION STR-07

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00

AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02

OMB-01 DOE-15 /124 W

-----046935 020855Z /15

P 020810Z JUN 78

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 0339

INFO AMEMBASSY JAKARTA

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 08387

USMTN

STR FOR ACTION

STR PASS CODEL

E.O. 11652: N/A

TAGS: MTN, ETRD, ID

SUBJECT: MTN: US-INDONESIAN BILATERAL ON REQUESTS

- AND OFFERS

1. SUMMARY: INDONESIA JOINED RANKS OF OTHER ASEANS BY ORALLY PRESENTING AN "INDICATIVE LIST OF OFFERS" THEY ARE CONSIDERING IN RESPONSE TO U.S. MTN REQUESTS. IN ADDITION, INDONESIA DEL SUBMITTED REQUEST LIST FOR IMPROVEMENTS IN THE U.S. INITIAL OFFER ON INDUSTRIAL TARIFFS. STAGE NOW SET FOR NEGOTIATIONS FOR WHICH LOCAL REP ANTICIPATES EXPERTS FROM JAKARTA IN THE FIRST PART OF JUNE. END SUMMARY.

2. AT INDONESIA'S REQUEST, U.S. MTN DEL (WALLAR, GRAEF, SWAIN) MET WITH INDONESIA DEL (AMB. KAHONO, PALILINGAN, MOEZDAN AND MS. HALIDA FROM DEPARTMENT OF TRADE) AS A FOLLOWUP TO THE APRIL US-ASEAN MEETING. KAHONO REPEATED THE ASEAN GENERAL POSITION THAT ANY INDONESIAN CONTRIBU-

LIMITED OFFICIAL USE

PAGE 02 GENEVA 08387 01 OF 02 020846Z

TIONS WOULD BE BASED UPON PARAGRAPH 5 OF THE TOKYO DECLARATION AND ANY NET BENEFITS THEY OBTAINED FROM THE MTN. WITH THIS IN MIND, KAHONO REPORTED THAT HE HAD RECEIVED INSTRUCTIONS TO INDICATE THAT INDONESIA IS PREPARED TO SUBMIT AN "INDICATIVE OFFER LIST". THIS LIST SHOULD BE REGARDED AS TENTATIVE AND CAN BE WITHDRAWN OR MODIFIED IN LIGHT OF INDONESIA'S ASSESSMENT OF BENEFITS FINALLY

EMERGING FROM THE MTN. KAHONO CLAIMED THAT IMPROVEMENT OF THE LIST WOULD BE "DIFFICULT".

3. NATURE OF POSSIBLE CONTRIBUTION: THE CONTRIBUTIONS INDONESIA IS CONSIDERING IN RESPONSE TO U.S. REQUESTS ARE AS FOLLOWS:

- (A) PREPARED TO SIMPLIFY CUSTOMS PROCEDURES - HAVE TAKEN A FIRST STEP (AS REPORTED IN US/INDONESIA BILATERAL ON U.S. CUSTOMS NOTIFICATION) AND ARE PREPARED TO CONSIDER FURTHER MODIFICATIONS; ALTHOUGH U.S. INDICATED PROBLEM WITH THE LARGE NUMBER OF SIGNATURES REQUIRED FOR CLEARANCE, INDONESIA IS OPERATING ON ASSUMPTION, UNLESS WE SPECIFY OTHERWISE, THAT PRIMARY U.S. INTEREST IS FOR SPEEDIER CUSTOMS CLEARANCE.

- (B) ELIMINATION OF DISCRIMINATORY REGISTRATION FEE- SUCH ELIMINATION WOULD TAKE EFFECT ON JANUARY 1, 1981 WHEN THE CURRENT REGIME IS SCHEDULED TO EXPIRE.

- (C) BIND TARIFF RATES - RATES WOULD BE BOUND ON ALL AGRICULTURAL PRODUCTS REQUESTED, WITH THE FOLLOWING EXCEPTIONS:

- - 2.02 - DEAD POULTRY - BINDING ON FRESH ONLY

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 08387 01 OF 02 020846Z

- - 7.04.30 - GARLIC-BINDING ON DRIED AND POWDERED ONLY
- - 16.02 - OTHER PREPARED MEAT-STILL UNDER CONSIDERATION

- - 11.01.10 - WHEAT FLOUR - WILL CHECK ON POSSIBLE BINDING (INDONESIA DEL'S HAD LISTED 11.01.90
- - OTHER FLOUR - DN WHICH THEY WERE WILLING TO BIND AT 5 PERCENT)

- - EFFECTIVE DATES FOR BINDINGS WOULD BE SUBJECT TO
- - NEGOTIATION.

4. U.S. DEL EXPRESSED APPRECIATION OF NEW DEVELOPMENT AND INDONESIA'S FORTHCOMING POSITION. NONETHELESS, WE WERE DISAPPOINTED AT LEVEL OF INDONESIA'S POSSIBLE CONTRIBUTIONS IN REPOSENSE TO A VERY GENEROUS U.S. OFFER. U.S. DEL ASKED FOR REASONS FOR ABSENCE OF OFFERS ON PRODUCT RELATED NON-TARIFF MEASURES, TARIFF REDUCTIONS AND ANY TARIFF ACTION ON INDUSTRIAL PRODUCTS. WHILE KAHONO FEIGNED LACK OF EXPERTISE ON SPECIFIC PRODUCTS, HE PROVIDED SOME PRELIMINARY COMMENTS AS FOLLOWS:

- (A) SALES TAX - IN PRINCIPLE THE TAX IS IDENTICAL

FOR DOMESTIC AND IMPORTED PRODUCTS (E.G., ON AIRPLANE TIRES AND TUBES). HE HINTED THAT WHERE THE TAX HAPPENS TO BE HIGHER FOR IMPORTED PRODUCTS THERE MAY BE SOME FLEXIBILITY.

- (B) LICENSING ON AGRICULTURAL PRODUCTS - THE LICENSE IS REQUIRED TO ENSURE COMPLIANCE WITH HEALTH AND SANITARY REGULATIONS.

- (C) INDUSTRIAL TARIFFS - SOME ITEMS ON U.S. REQUEST LIST ARE PROHIBITED FROM IMPORTATION IN FINISHED FORM, BUT UNASSEMBLED PARTS ARE PERMITTED. WHILE THE TARIFF ON SOME ITEMS COULD NOT BE BOUND, KAHONO ASSERTED THAT THE TARIFF WOULD NOT BE INCREASED.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 GENEVA 08387 01 OF 02 020846Z

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 GENEVA 08387 02 OF 02 020852Z
ACTION STR-07

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 /124 W
-----046969 020855Z /15

P 020810Z JUN 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 0340
INFO AMEMBASSY JAKARTA

LIMITED OFFICIAL USE SECTION 02 OF 02 GENEVA 08387

USMTN
STR FOR ACTION

4. KAHONO INDICATED THAT HE EXPECTED EXPERTS FROM JAKARTA THE FIRST PART OF JUNE WHO COULD ENGAGE IN MORE

DETAILED DISCUSSION ON THE RATIONALE FOR INDONESIA'S POSITION ON THE VARIOUS ITEMS. U.S. DEL ASKED INDONESIA TO RE-EXAMINE THEIR POSITION ON THESE ITEMS POINTING TO THE FACT THAT THE ITEMS REQUESTED WERE GEARED TO ASSIST INDONESIA'S ECONOMIC DEVELOPMENT EFFORTS.

5. INDONESIA REQUESTS OF U.S.- KAHONO WITHDREW TWO ITEMS (TSUS 141.81 - OTHER VEGETABLES PRESERVED BY VINEGAR AND 182.10 - CORNED BEEF HASH) ON THEIR AG REQUESTS TO THE U.S. U.S. DEL INDICATED THAT SHRIMP CHIPS, REQUESTED BY INDONESIA AS TSUS 182.30, IS PROBABLY CLASSIFIED IN TSUS 182.98. KAHONO SUBMITTED A NEW REQUEST LIST TO THE U.S. FOR TARIFF REDUCTIONS ON 107 INDUSTRIAL ITEMS (BEING HAND-CARRIED TO WASHINGTON). KAHONO EXPLAINED THAT INDONESIA DID NOT HAVE SUBSTANTIAL LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 08387 02 OF 02 020852Z

EXPORTS ON MANY ITEMS ON THE LIST BUT, AS RECOGNIZED BY ASSISTANT SECRETARY COOPER, THEY HAVE A POTENTIAL FOR EXPORT. THIS IS PARTICULARLY TRUE ON TEXTILE ITEMS WHERE, ACCORDING TO KAHONO, INDONESIA'S REQUESTS ARE ON HAND-WOVEN, SPECIALITY (BATIK) ITEMS WHICH WOULD NOT COMPETE WITH U.S. GOODS. COMMENT: HEREIN LIES A KEY ISSUE IN THE BILATERAL NEGOTIATIONS WITH INDONESIA. THEY ARE PRINCIPAL SUPPLIERS ON ONLY A HANDFUL OF ITEMS. THEREFORE, U.S. ACTION ON REQUESTED ITEMS WILL DEPEND LARGELY UPON CONCESSIONS IN RESPONSE TO OTHER COUNTRIES REQUESTS AND OFFERS. THE FACT THAT INDONESIA HAS REQUESTED (AND PRESUMABLY WILLING TO PAY) FOR SUCH ITEMS SHOULD BE CONSIDERED TOGETHER WITH ANY CONCESSION OFFERED BY PRINCIPAL SUPPLIER. FURTHERMORE WE SHOULD WEIGH, TO THE EXTENT POSSIBLE, THE POSSIBILITY OF OFFERING CONCESSIONS ON REQUESTED ITEMS EVEN IF THE PRINCIPAL SUPPLIER HAS NOT YET DEMONSTRATED AN INTEREST, ON THE CONDITION THAT THE U.S. WOULD REQUIRE ADEQUATE COMPENSATION FROM INDONESIA. END COMMENT.

6. KAHONO INQUIRED IF THE U.S. WAS PREPARED TO BIND ITS OFFERED TARIFF REDUCTIONS AND IF THERE IS SCOPE FOR IMPROVING THE INITIAL U.S. OFFER TO MEET INDONESIA'S REQUESTS. U.S. DEL RESPONDED THAT WE HAVE BEEN OPERATING UNDER THE HYPOTHESIS THAT OUR TARIFF REDUCTIONS WOULD BE BOUND. WITH RESPECT TO INDONESIA'S NEW REQUESTS, THESE WOULD HAVE TO BE ANALYZED IN DETAIL. AS A PRELIMINARY COMMENT U.S. DEL EXPLAINED THAT MANY ITEMS REQUESTED (31) WERE ALREADY SUBJECT TO MAXIMUM TARIFF REDUCTIONS UNDER U.S. LAW AND, THEREFORE, IMPROVEMENT IS IMPOSSIBLE. FURTHERMORE, ACTION ON THE ITEMS SUBJECT TO ECONOMIC EXCEPTIONS WOULD BE VERY DIFFICULT. U.S. DEL URGED INDONESIA DEL TO

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 08387 02 OF 02 020852Z

INDICATE THEIR PRIORITIES ON REQUESTED ITEMS IN ORDER
TO FOCUS THE NEGOTIATIONS.

7. IN CLOSING, BOTH SIDES CONSIDERED THE SESSION EXTREMELY USEFUL, WITH U.S. DEL EXPRESSING APPRECIATION FOR POSITIVE ACTION ON INDONESIA'S SIDE FOR ENGAGING THE NEGOTIATIONS. KAHONO SUGGESTED THE NEXT BILATERAL SESSION BE HELD THE FIRST PART OF JUNE WHEN INDONESIA EXPERTS FROM JARKARTA ARE AVAILABLE.

8. DRAFTED BY WALLAR. MCDONALD

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TARIFFS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA08387
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780230-1091
Format: TEL
From: GENEVA USMTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197806104/aaaadlbq.tel
Line Count: 241
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 2d67147d-c288-dd11-92da-001cc4696bcc
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2149300
Secure: OPEN
Status: NATIVE
Subject: MTN: US-INDONESIAN BILATERAL ON REQUESTS - AND OFFERS
TAGS: ETRD, ID, US, MTN
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/2d67147d-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014